Demographic Transition and the Demographic Dividend – Emerging Trends in Selected Countries in Africa

Various countries in Africa are currently at different stages as far as the demographic transition is concerned. Most countries in Africa currently have a youth bulge and comparatively smaller aged population. These conditions are the fundamental requirements for countries to tap the potential of a demographic dividend, but the actual realization of the dividend requires the right socio-economic development policy framework, anchored on sound integration of demographic variables into development planning. In this paper, I examine the demographic profile of 20 of Africa's fastest changing countries in terms of demographics since 2000, and evaluate how these countries have performed economically. Using the data available from the World Population Prospects, (2014 Revision), selected countries are those with the 20 lowest dependency ratios in Africa in the year 2000 since the dependency ratio summarily encodes the relative shares of the young (aged 0-14 years), the working population (age 15-60 years in most countries) and the aged (aged 60+) in any country.

A database is created for these countries from a number of publicly available and verifiable sources. Variables of interest include the GDP growth per annum, per capita GDP, employment rate, human development index, HIV/AIDS prevalence, ethnolinguistic diversity, discovery of natural resources, corruption index, governance type, school enrolment and progression, health services and personnel, government allocation to education, employment rate, and other micro- and macro socio-economic indicators. Two of the top twenty countries initially selected were dropped due to severe lack of data on a number of the indicators, and these were accordingly replaced with the next in ranking (the 21st and 22nd in terms of the dependency ratio in 2000.

Controlling for civil conflict, demographic governance, burden of HIV/AIDs and IMF austerity program, I find that a unit decrease in dependency ratio is associated with a 2 percentage point increase in the human development index, which is suggestive of some realization of the demographic dividend. However, these gains have not been universal. Countries that appear to have benefited the most are those with substantial improvements in school enrollment and progression to the tertiary levels, those with more noticeable declines in fertility, and those with lower levels of corruption.

There are credible threats to further gains due to ceiling effects on the gains in dependency ratio, increasing under- and un- employment, decreasing opportunities for social mobility facilitated by the lack of fully developed credit markets to fill in the void of government scale back on investments in education at the tertiary level. A re-think of credit markets, investment in education and a shift from salaries to wages are proposed as some of the mechanisms to improve the potential for realizing the opportunities presented by the demographic transition.

Country development policies for the top performing and bottom performing countries are under review to identity policies levers and anchors for the realization of the demographic dividend in the context of the demographic transition in accordance with experiences of countries in other regions of the world.